

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REQUEST OF THE UNION LIGHT, HEAT)	
AND POWER COMPANY FOR PERMISSION TO)	
ESTABLISH A PROCESS TO RECOVER THE)	CASE NO. 91-313
ANTICIPATED INCREASE IN ITS PURCHASED)	
POWER COST)	

O R D E R

On August 30, 1991, The Union Light, Heat and Power Company ("ULH&P") filed a petition requesting the Commission to establish a prefiling conference and to grant a deviation from 807 KAR 5:001 and 807 KAR 5:011, to allow the filing of a single issue rate case. ULH&P states that its parent and wholesale supplier, the Cincinnati Gas and Electric Company ("CG&E"), will soon be filing an application with the Federal Energy Regulatory Commission ("FERC") for authority to increase rates for wholesale power sold to ULH&P. Since the Commission has just recently concluded a review of ULH&P's revenue requirements and established just and reasonable rates in Case No. 90-041,¹ ULH&P requests authority to file a rate case limited to the issue of its cost for purchased power. ULH&P's petition notes that the requested procedure would

¹ Case No. 90-041, An Adjustment of Gas and Electric Rates of The Union Light, Heat and Power Company.

be similar to those utilized by the Commission to adjust rates to reflect the impacts of the 1986 Tax Reform Act.

By Order dated September 20, 1991, the Commission served copies of ULH&P's petition on the parties to Case No. 90-041 and provided them an opportunity to file written comments on ULH&P's petition. Comments were filed by the Attorney General's Office, Utility and Rate Intervention Division ("AG"); Office of Kentucky Legal Services, Inc. and Northern Kentucky Legal Aid Society, Inc. ("Legal Services"); and Newport Steel Corporation ("Newport Steel").

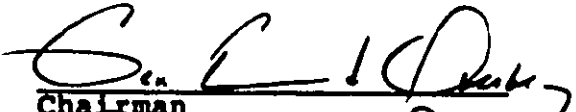
The comments are unanimous in the assertion that there is no statutory or regulatory authority for the acceptance of a one issue rate case as proposed by ULH&P. The commenters further assert the right and need to fully examine each source of revenue and item of expense recorded by ULH&P. In addition, the AG and Newport Steel challenge ULH&P's proposal to recover its increased purchased power cost through a KWH adder, rather than recovering this capacity related cost through the demand charges.


Based on the petition and comments, and being advised, the Commission hereby finds that ULH&P has not demonstrated good cause sufficient to justify a waiver from any of the regulatory requirements set forth in 807 KAR 5:001 and 807 KAR 5:011. The test year utilized by ULH&P in its last rate case was the 12 months ended December 31, 1989. ULH&P may have experienced significant changes in revenues and expenses since that time. The parties, and the Commission, will need an opportunity to investigate all aspects of ULH&P's financial condition.

IT IS THEREFORE ORDERED that ULH&P's petition to establish a prefiling conference and for a deviation from 807 KAR 5:001 and 807 KAR 5:011 be and it hereby is denied.

Done at Frankfort, Kentucky, this 31st day of October, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:



Executive Director